

Department of Labor Fee Disclosure Requirements

Below is a summary of the new Department of Labor (DOL) Fee Disclosure requirements, important deadlines, action items and how New Pinnacle Consulting Group can help.

Background

There are three areas of focus:

1. Form 5500: For large plans subject to a plan audit (usually more than 120 plan participants), fees are disclosed on Schedule C of the Form 5500. Small plans that file the short form (Form 5500 SF) do not make this disclosure.
2. Plan Disclosure: Investment providers are required to disclose fees to the Plan Sponsor.
3. Participant Disclosure: Plan Sponsors are required to provide certain plan information including investment performance and fees in a standardized format to all plan participants.

Effective Dates

1. Form 5500: Plan years beginning in 2009
2. Plan Disclosure: July 1, 2012 and annually thereafter.
3. Participant Disclosures: For calendar year plans, August 30, 2012; for non calendar year plans, within 60 days of the beginning of the plan year on or/after July 1, 2012. Annually thereafter (within 14 months of prior distribution date).

Requirements

1. **Form 5500**: For large plans requiring a plan audit, Schedule C must be completed. Small plans are not required to provide this schedule.
2. **Plan Disclosure**: Your investment provider is required to provide this disclosure to the Plan Sponsor on an annual basis. The Plan Sponsor is required to review the data and determine the reasonableness of the fees charged by the vendor. The DOL expects this information to be used as part of your investment due diligence review process.
3. **Participant Disclosure**: Plan Sponsors are required to disclose certain plan information, investment performance and fees to all those eligible to participate in the plan, former participants and beneficiaries. Notices must be provided on or before the date on which a participant or beneficiary can first direct investments in the plan and at least annually thereafter (once every 14 months). Additionally, any direct fees charged to a participant's

account (i.e. loan fee, surrender charges, etc.) must be disclosed quarterly to the participant. Most vendors have changed their quarterly statement to include this information so further action may not be required.

Plan Sponsor Responsibilities

Investment vendors are providing varying degrees of support for these requirements. For those that have an exclusive arrangement with an investment vendor, it is likely that the vendor will provide comprehensive support. The programs and fees charged vary by vendor.

Plan Sponsors with multiple vendors will be required to combine the disclosures into one notice or at a minimum, provide each vendor's disclosure to participants in one delivery (electronic or hard copy).

We encourage Plan Sponsors to carefully document their efforts related to these requirements.

How New Pinnacle Consulting Group Will Help

We will provide support as part of our annual services package.

1. Form 5500: We will continue to prepare the appropriate schedules including Schedule C, as required.
2. Plan Disclosure: We will answer questions related to the notice.
3. Participant Disclosure: For single vendor plans, we will assist you with using your vendor's resources to meet the requirements. If a gap exists, we will assist with filling the requirements. For multi-vendor plans, we will assist with compiling the notice and discuss delivery options.

We will provide more specific instructions and information in the future. In the meantime, please don't hesitate to contact us if you have questions.